# Financial Transactions and Reports Analysis Centre of Canada

## For the Period ending March 31, 2009

**Departmental Performance Report**

---

The Honourable James M. Flaherty
Minister of Finance

# Table of Contents


Director's Message ..... 1
SECTION I: DEPARTMENTAL OVERVIEW ..... 3
Raison d'être ..... 4
Resource Summary ..... 6
Performance Summary ..... 6
Contribution of Priorities to Strategic Outcome(s) ..... 8
Expenditure Profile ..... 12
SECTION II: ANALYSIS OF PROGRAM ACTIVITIES BY STRATEGIC OUTCOME ..... 15
Strategic Outcome ..... 16
Program Activity by Strategic Outcome ..... 16
Program Activity: Collection, Analysis and Dissemination of Financial Information ..... 16
Performance Analysis- Collection, Analysis and Dissemination of Financial Information ..... 17
Lessons Learned ..... 21
Program Activity: Internal Services ..... 22
Performance Analysis –Internal Services ..... 22
Benefits for Canadians ..... 23
SECTION III: SUPPLEMENTARY INFORMATION ..... 25
Financial Highlights ..... 26
Financial Statements ..... 28
List of Supplementary Information Tables ..... 28

**Director's Message**

I am pleased to present the Departmental Performance Report for the Financial Transactions and Reports Analysis Centre of Canada (FINTRAC) for 2008-09.

The year 2008-09 saw FINTRAC focused on the continued implementation of many of the 2006 legislative amendments to the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act*. Most notably, these changes increased the number of organizations that are subject to compliance obligations under the Act; and expanded the scope of the financial intelligence FINTRAC is able to provide to its partners.

The last year has been one of impressive achievements for FINTRAC. In 2008-09, FINTRAC made 556 case disclosures to law enforcement, national security agencies, and other domestic authorized recipients, and to foreign financial intelligence units, with which we have an information sharing agreement – more than double the number from the previous year. This increase comes from improvements that have been made to FINTRAC's processes for production and disclosure of financial intelligence. As a result, we are now more efficient and able to produce intelligence that is timelier and more relevant to our partners.

We also continued to work with reporting entities, helping them adjust to their new obligations, and enabling them to play an increasingly effective role in the detection and deterrence of money laundering and terrorist financing. FINTRAC also worked in a very tangible way with the banking and other financial sectors with a view to serving both our needs and theirs. In 2008-09, we collaborated with Canada's five major banks on a first-ever study of money laundering and terrorist financing typologies and trends in Canadian banking. In addition, we have enjoyed the cooperation of the many money services businesses (MSB) that have registered in the first year of operation of the MSB registry.

In the years ahead, FINTRAC will continue to align itself with its partners to produce financial intelligence that addresses their needs and priorities. We will refine our risk-based compliance program and seek new opportunities to work more effectively and efficiently. I believe that by achieving these objectives FINTRAC will be stronger and its contribution to the safety and security of Canadians will be augmented.

---

Jeanne M. Flemming
Director

# SECTION I: DEPARTMENTAL OVERVIEW

**Raison d'être**

The Financial Transactions and Reports Analysis Centre of Canada (FINTRAC), Canada's financial intelligence unit, was created in 2000. It is an independent agency, reporting to the Minister of Finance, who is accountable to Parliament for the activities of the Centre. It was established and operates within the ambit of the Proceeds of Crime (Money Laundering) and Terrorist Financing Act (PCMLTFA) and its Regulations.

FINTRAC is one of several domestic partners in Canada's Anti-Money Laundering and Anti-Terrorist Financing (AML/ATF) Initiative, which also includes the Department of Finance as the policy lead, the Royal Canadian Mounted Police (RCMP), the Canadian Security and Intelligence Service (CSIS), the Canada Revenue Agency (CRA), the Canada Border Services Agency (CBSA), the Office of the Superintendant of Financial Institutions (OSFI), the Public Prosecution Service of Canada, Communications Security Establishment Canada, the Department of Justice, Public Safety Canada and the private sector. FINTRAC is also part of the Egmont Group, an international network of financial intelligence units that collaborate to combat money laundering and terrorist activity financing.

**FINTRAC's Mission**

To contribute to the public safety of Canadians and help protect the integrity of Canada's financial system through the detection and deterrence of money laundering and terrorist financing.

**FINTRAC's Vision**

To be recognized as a world class financial intelligence unit in the global fight against money laundering and terrorist financing.

**Responsibilities**

FINTRAC is Canada's financial intelligence unit, and is a specialized agency created to collect, analyze and disclose financial information and intelligence on suspected money laundering, terrorist activity financing and other threats to the security of Canada.

FINTRAC's mandate is to facilitate the detection, prevention and deterrence of money laundering, terrorist activity financing and other threats to the security of Canada by gathering and analyzing information on suspect financial activities; ensuring those subject to the PCMLTFA comply with reporting, record keeping and other obligations; and making disclosures of financial intelligence to the appropriate law enforcement agency, CSIS, or other agencies designated by legislation in support of investigations and prosecutions. FINTRAC's mandate also includes enhancing public awareness and understanding of matters related to money laundering. These activities are conducted while ensuring the protection of the personal information under FINTRAC's control.

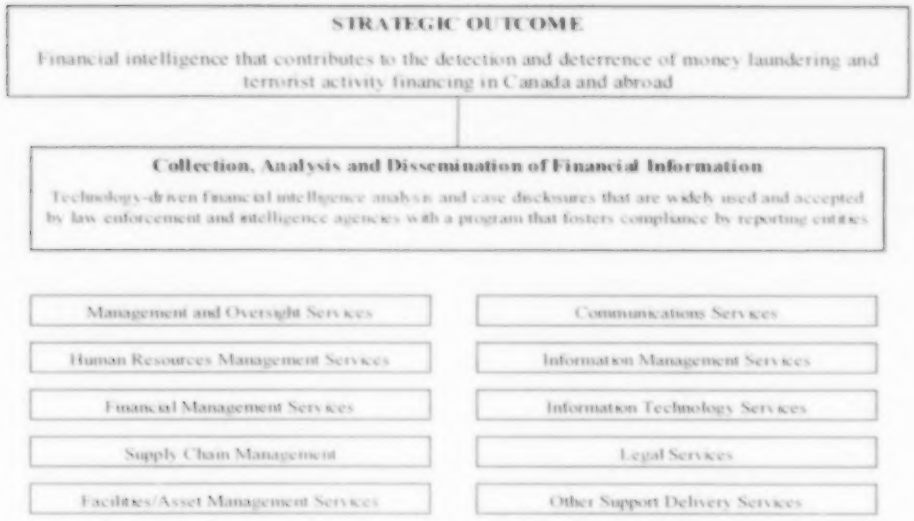
FINTRAC's headquarters is located in Ottawa, with three regional offices in Montreal, Toronto and Vancouver having specific mandates related to compliance with the Act.

**Strategic Outcome**

To effectively pursue its mandate, FINTRAC aims to achieve the following Strategic Outcome:

> Financial intelligence that contributes to the detection and deterrence of money laundering and terrorist activity financing in Canada and abroad.

**Program Activity Architecture**


STRATEGIC OUTCOME
Financial intelligence that contributes to the detection and deterrence of money laundering and terrorist activity financing in Canada and abroad
Collection, Analysis and Dissemination of Financial Information
Technology-driven financial intelligence analysis and case disclosures that are widely used and accepted by law enforcement and intelligence agencies with a program that fosters compliance by reporting entities
Management and Oversight Services
Communications Services
Human Resources Management Services
Information Management Services
Financial Management Services
Information Technology Services
Supply Chain Management
Legal Services
Facilities/Asset Management Services
Other Support Delivery Services

**Resource Summary**

**2008–09 Financial Resources ($ Millions)**

| Planned Spending | Total Authorities | Actual Spending |
|---|---|---|
| 55.4 | 56.8 | 50.6 |

**2008–09 Human Resources (FTEs)**

| Planned | Actual | Difference |
|---|---|---|
| 324 | 309 | (15) |

Note: The resources available for spending in 2008-2009 were $56.8M, including an amount of $5.1M reprofiled from 2007-2008 for new initiatives. Actual Spending for 2008-2009 was $50.6M. The variance of $6.2M is attributable to reprofiled resources into fiscal year 2009-2010 for the Contribution to the Egmont Group Secretariat and the Business Continuity Plan (BCP) - disaster recovery site, authorized operating budget carry forward, as well as delays in major projects.

**Performance Summary**

| **Strategic Outcome:**<br>**Financial intelligence that contributes to the detection and deterrence of money laundering and terrorist activity financing in Canada and abroad.** | |
|---|---|
| **Performance Indicators** | **2008–09 Performance** |
| Number of case disclosures and strategic products that assist and/or are used in investigations and other actions by law enforcement, intelligence agencies and prosecutors. | In 2008-09, FINTRAC had a large increase in the number of case disclosures of financial intelligence made to law enforcement agencies and national security agencies. During the year, FINTRAC made 556 case disclosures- compared to 210 in 2007-08 and 193 in 2006-07. This increase is attributed to changes that have been made to the Centre's disclosure process, thus making it more efficient and responsive to the needs of recipient agencies. In addition, with the coming into force of the 2006 legislative amendments to the PCMLTFA, FINTRAC was able to provide a significantly expanded range of information, enabling the disclosures to have a greater impact. |
| Degree of involvement of reporting entities and other entities with obligations in the Anti- | Assistance and outreach to reporting entities continued with particular focus on providing guidance to the sectors that were recently brought into the regime. FINTRAC conducted over 500 outreach meetings, reaching more than |

| | |
|---|---|
| Money Laundering / Anti-Terrorist Activity Financing (AML/ATF) regime. | 20,000 individuals and provided feedback to reporting entities and associations representing all sectors within the ambit of the PCMLTFA. In addition, FINTRAC also responded to over 5,000 calls from reporting entities for assistance on compliance obligations, a 40% increase from the previous year. Approximately 500 of the calls related to questions of a more complex nature, requiring a higher level of research and interpretation prior to providing a response. |

**($ millions)**

| Program Activity | 2007-08 Actual Spending | 2008-09 | | | | Alignment to Government of Canada Outcomes |
|---|---|---|---|---|---|---|
| | | Main Estimates | Planned Spending | Total Authorities | Actual Spending | |
| Collection, Analysis and Dissemination of Financial Information | 43.4 | 45.6 | 47.1 | 48.3 | 43.0 | Safe and Secure Communities |
| Internal Services | 7.7 | 8.0 | 8.3 | 8.5 | 7.6 | |
| **Total** | 51.1 | 53.6 | 55.4 | 56.8 | 50.6 | |

**Contribution of Priorities to Strategic Outcome**

| Operational Priorities | Type | Status | Linkages to Strategic Outcome(s) |
|---|---|---|---|
| **Deliver timely and high quality financial intelligence to law enforcement, security and intelligence agencies, and foreign financial intelligence units.**<br>Financial intelligence analysis and case disclosures that are widely accepted by law enforcement, security and intelligence agencies, and by foreign financial intelligence units, and which are used in investigations. | Ongoing | **Met all:**<br>FINTRAC produced a record 556 case disclosures of financial information in 2008-09. With the coming into force of the 2006 legislative changes to the PCMLTFA, FINTRAC was able to provide a significantly expanded range of information, enabling the case disclosures to have a greater impact. | This priority contributes to FINTRAC's strategic outcome *Financial intelligence that contributes to the detection and deterrence of money laundering and terrorist activity financing in Canada and abroad.* |
| **Ensure compliance with the PCMLTFA.**<br>Increased compliance with the law by reporting entities through more robust detection and deterrence of non-compliance. This will be accomplished through a risk-based compliance program comprised of: awareness activities; the monitoring of data quality; compliance questionnaires; examinations; and by taking appropriate remedial action when non-compliance is detected. | Ongoing | **Met all:**<br>FINTRAC conducted outreach meetings, provided policy interpretations, and provided feedback to reporting entities and associations representing all sectors within the ambit of the PCMLTFA. An increased number of compliance examinations were conducted in all | This priority contributes to FINTRAC's strategic outcome *Financial intelligence that contributes to the detection and deterrence of money laundering and terrorist activity financing in Canada and abroad.* |

| | | | |
|---|---|---|---|
| | | reporting sectors. The number of FINTRAC's non-compliance disclosures to law enforcement increased significantly. | |
| **Disseminate strategic information on money laundering and terrorist activity financing to partners, stakeholders, and the general public.**<br><br>Provide strategic intelligence, advice and analysis that enhance awareness and understanding of money laundering and terrorist activity financing and inform the development of effective Canadian and multilateral counter strategies. | Ongoing | **Met all:**<br><br>Through macro-analysis of its case disclosures and the sharing of strategic information, FINTRAC supported the work of policy-makers, domestic partners in law enforcement and national security. FINTRAC also supported Canada's commitments on the international front, with partners such as the Egmont Group and the FATF, thereby strengthening relationships important in the global effort to fight money laundering and terrorist activity financing. | This priority contributes to FINTRAC's strategic outcome *Financial intelligence that contributes to the detection and deterrence of money laundering and terrorist activity financing in Canada and abroad.* |

| Management Priorities | Type | Status | Linkages to Strategic Outcome(s) |
|---|---|---|---|
| **Managing growth and organizational development.**<br>Invest efforts in specific internal services to support the significant changes brought about by the 2006 legislative changes to the PCMLTFA; develop a new FINTRAC Strategic Plan; integrate human resource planning into overall business planning; and develop and implement a comprehensive IM/IT Strategy and Plan. | New | **Met all:**<br>FINTRAC successfully integrated new regulatory and enforcement requirements into its program activities, which include the Money Services Businesses (MSB) Registry and the Administrative Monetary Penalties (AMPs) Program.<br>The Centre also developed a new three-year Strategic Plan to refocus its activities to better align its products to the needs of its key domestic partners.<br>FINTRAC invested in learning and development opportunities for employees and leadership training for a number of executives in order to address HR needs and capacity of the Centre to deliver on its priorities.<br>In addition, FINTRAC developed a comprehensive | This priority contributes to FINTRAC's strategic outcome *Financial intelligence that contributes to the detection and deterrence of money laundering and terrorist activity financing in Canada and abroad.* |

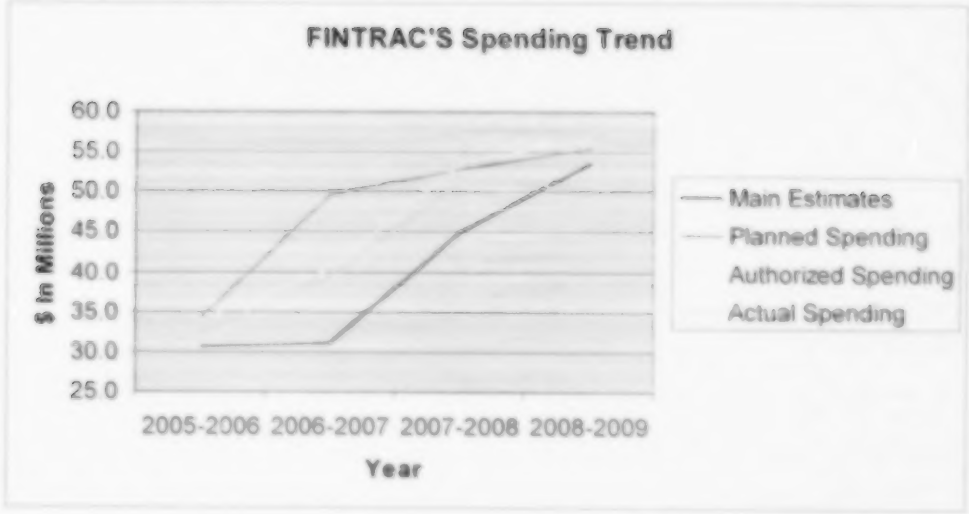
| | | | |
|---|---|---|---|
| | | three-year IM/IT Strategic Plan to guide investment in IM/IT assets that will achieve strategic business outcomes that are fully aligned with and support the strategic priorities identified in the FINTRAC Strategic Plan. | |

**Risk Analysis**

During the planning period, FINTRAC's operating environment was shaped by a number of important considerations, notably the continuing implementation of new initiatives. Many of the 2006 legislative amendments to the PCMLTFA came into force during 2008-09. Some of the most significant changes included, an increase in the number of business sectors that are subject to compliance obligations under the Act; an expansion in the scope of the intelligence FINTRAC is able to include in case disclosures to its partners; the creation and implementation of a money services business (MSB) registry at FINTRAC along with the legal requirement for all MSBs to register; and the creation and implementation of an administrative monetary penalties (AMP) regime. Each of these considerations impacted FINTRAC's activities, and offers new opportunities for the Centre to fulfill its mandate.

New legislation was not the only driver of change. On a continuing basis, those that would launder money or finance terrorism are developing new methods and finding new venues for their activities and FINTRAC continues to work with its domestic and international partners to identify emerging trends. To meet this challenge, the Centre developed and rolled out information technology advances to support its operations. These included various updates and refinements to tactical and strategic intelligence analytical tools.

**Expenditure Profile**




FINTRAC received funding for the new initiatives called for by the December 2006 Amendments to the PCMLTFA; however, as the coming into force dates of these Initiatives gradually occurred over the following three fiscal years, important reprofiling of funds was prompted, which explains the apparent peak in resourcing for the years 2007-2008 and 2008-2009.

From 2005-2006 to 2006-2007, the total resources available for FINTRAC increased from $34.0M to $40.3M. This additional funding allowed FINTRAC to respond to existing program pressures (Business Continuity Plan (BCP) – disaster recovery site, asset replacement plan and workload pressures) related to the National Initiative to Combat Money Laundering (NICML, now AML/ATF regime). Actual spending was $39.4M in 2006-2007.

In 2007-2008, funding increased to $53.5M (including an amount of $5.082M reprofiled from 2006-07): additional resources were allocated towards the contribution for the establishment of the Egmont Group secretariat in Toronto, for FINTRAC's participation in the National Anti-Drug Strategy and for the implementation of the new initiatives. Actual spending for 2007-2008 was $51.1M.

The resources available for spending in 2008-2009 were $56.8M, including an amount of $5.1M reprofiled from 2007-2008 for new initiatives. Actual Spending for 2008-2009 was $50.6M, with a total of $1.85M being reprofiled into fiscal year 2009-2010.

| Voted and Statutory Items<br>($ Millions) | | | | | |
|---|---|---|---|---|---|
| **Vote # or Statutory Item (S)** | **Truncated Vote or Statutory Wording** | **2006-07 Actual Spending** | **2007-08 Actual Spending** | **2008-09 Main Estimates** | **2008-09 Actual Spending** |
| 1 | Operating expenditures | 36.2 | 45.7 | 47.6 | 44.9 |
| 5 | Grants and contributions | - | 1.3 | 1.8 | 1.2 |
| (S) | Contributions to employee benefit plans | 3.2 | 4.1 | 4.2 | 4.5 |
| | **Total** | 39.4 | 51.1 | 53.6 | 50.6 |

# SECTION II: ANALYSIS OF PROGRAM ACTIVITIES BY STRATEGIC OUTCOME

**Strategic Outcome**

Financial intelligence that contributes to the detection and deterrence of money laundering and terrorist activity financing in Canada and abroad.

**Program Activity by Strategic Outcome**

| Program Activity: Collection, Analysis and Dissemination of Financial Information | | | | | |
|---|---|---|---|---|---|
| **2008-09 Financial Resources ($ millions)** | | | **2008-09 Human Resources (FTEs)** | | |
| **Planned Spending** | **Total Authorities** | **Actual Spending** | **Planned** | **Actual** | **Difference** |
| 47.1 | 48.3 | 43.0 | 275 | 263 | (12) |

| Expected Results | Performance Indicators | Performance Status | Performance Summary |
|---|---|---|---|
| Law enforcement, intelligence agencies and prosecutors received timely and relevant tactical and strategic financial intelligence useful for further actions in investigations and other actions | Satisfaction expressed by law enforcement and partners with the usefulness of case disclosures and strategic information products | Met All | Law enforcement and security partners have confirmed that FINTRAC's products help in their investigations by identifying individuals or groups of individuals, known and often unknown to investigators, and help to link together money and suspected crimes. During 2008-2009, FINTRAC focused on strengthening relationships with key disclosure recipients. The more than 140 case disclosures that FINTRAC made to the Canada Revenue Agency reflect its increasingly effective ties with that agency. These disclosures are significant, because they concerned activities that involve both suspected money laundering/terrorist financing and income tax-related offences such as tax evasion or tax fraud. |
| Reporting entities are in compliance with the PCMLTFA | Level of compliance by reporting entities with PCMLTFA | Met All | FINTRAC employs a number of tools and approaches in its efforts to inform and raise the awareness amongst reporting entities of their |

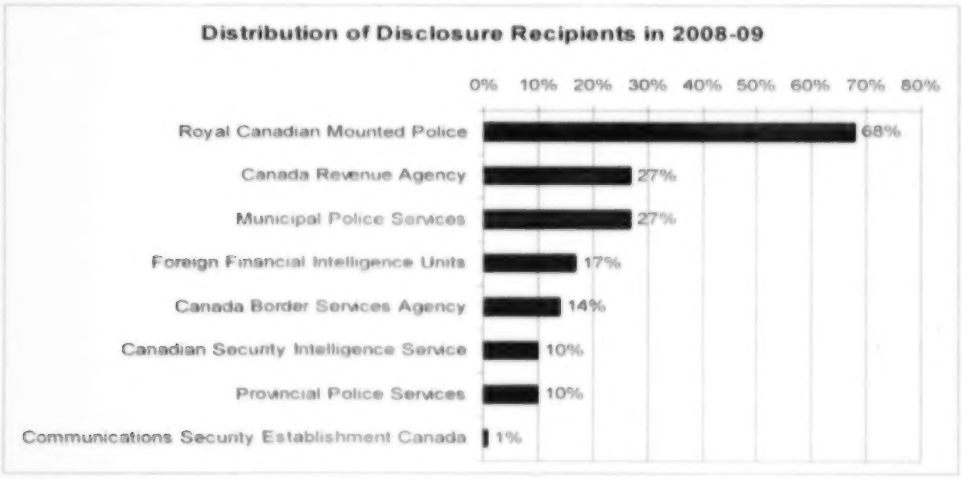
| | | | |
|---|---|---|---|
| and related regulations | | | obligations. This year, outreach to reporting entities continued with a particular focus on providing guidance to the sectors that were recently brought into the regime. FINTRAC conducted over 500 outreach meetings, reaching more than 20,000 individuals, and provided feedback to reporting entities and associations representing all sectors within the ambit of the PCMLTFA. In addition, FINTRAC also responded to over 5,000 calls from reporting entities for assistance on compliance obligations, a 40% increase from the previous year. Approximately 500 of the calls related to questions of a more complex nature, requiring a higher level of research and interpretation prior to providing a response.<br><br>FINTRAC also conducted an increased number of examinations in all reporting entity sectors. In 2008-09, FINTRAC conducted over 450 such examinations, representing a greater than 60% increase over the previous year. The number of FINTRAC non-compliance disclosures to law enforcement also increased significantly. |

**Performance Analysis- Collection, Analysis and Dissemination of Financial Information**

***Deliver timely and high quality financial intelligence to law enforcement, security and intelligence agencies, and foreign financial intelligence units.***

The production and disclosure of timely and relevant financial intelligence is central to the achievement of the Centre's strategic outcome. It is of the utmost importance that tactical intelligence produced by the Centre enhance the capacity of law enforcement, national security agencies and foreign financial intelligence units to detect and deter money laundering, terrorist activity financing and other threats to the security of Canada.

In 2008-2009, FINTRAC significantly increased its production of case disclosures of financial information. During that period, the Centre made 556 case disclosures, of which 474 were associated with money laundering, 52 with terrorist financing and other threats to Canada's safety and security, and 30 with associations to both money laundering and terrorist financing.




*The percentages in this chart do not add up to 100% because FINTRAC disclosures are often destined to more than one recipient.*

During the year, 68 per cent of FINTRAC's case disclosures were delivered to the RCMP, while the others were sent to various law enforcement and partner agencies, as well as to foreign financial intelligence units. The most significant change from 2007-08 is the increase in the number of case disclosures provided to the Canada Revenue Agency (27 per cent), and to the Canada Border Services Agency (14 per cent). In 2007-08, only five per cent of the disclosures were provided to these two agencies, together with Communications Security Establishment Canada.

The 2006 legislative amendments to the PCMLTFA expanded the scope of the information that can be included in FINTRAC's case disclosures. The additional designated information allowed the Centre to provide its partners with even more comprehensive financial intelligence that was increasingly helpful in initiating and supporting investigations.

This year, FINTRAC participated in an intensive international investigation of the cross-border movement of monetary instruments. During the course of this operation, FINTRAC's assistance was sought to provide "real time" tactical financial intelligence. During the three-day operation, authorities from several countries worked together to detect the illegal movement of funds, targeting cash couriers and examining hundreds of flights at multiple international airports over a three-day period.

Law enforcement agencies from the G-8 countries that were involved in this unprecedented multilateral cash courier operation netted more than $3.5 million dollars in 81 cash seizures and detected another $4.2 million in undeclared currency at ports of entry around the world.

***Ensure compliance with the PCMLTFA.***

FINTRAC utilizes various methods and tools in its efforts to inform and raise awareness amongst reporting entities of their obligations under the PCMLTFA. In 2008-09, FINTRAC outreach to reporting entities primarily focused on those reporting entity sectors that were new to the regime. Over 500 presentations were conducted that reached more than 20,000 individuals to provide outreach and feedback to all reporting entity sectors and related associations. Furthermore, FINTRAC responded to over 5,000 calls from reporting entities on their legislative obligations, a 40% increase from previous years. These calls led to a significant increase in the number of complex policy interpretations FINTRAC provided in 2008-09.

From an enforcement perspective, the number of compliance examinations that were conducted by the Centre increased in all reporting entity sectors. In 2008-09, 450 such examinations were conducted, which represents more than a 60% increase from 2007-08. There was also a significant increase in the number of disclosures provided to law enforcement agencies by FINTRAC regarding non-compliance with the PCMLTFA.

FINTRAC has enhanced its detection and deterrence capacity, as well as its compliance enforcement options, as a result of the 2006 legislative amendments and related regulations. Examples include the creation of a registry for money services businesses (MSBs), the establishment of an administrative monetary penalties regime, enhanced customer due diligence measures and the addition of new sectors with record-keeping and/or reporting obligations.

As of June 23, 2008, MSBs are legally obligated to register with FINTRAC. The Centre's MSB registry, and the new MSB registration web site, have been publicly available since that date. In 2008-09, 803 MSBs registered with FINTRAC, with approximately 21,000 agents and locations. Consequently, outreach activities directed to that sector were intensified.

Beginning on December 30, 2008, FINTRAC received authorization to impose civil penalties on reporting entities that have been found to be non-compliant with the requirements of the PCMLTFA and the associated regulations. The program required alterations to compliance and finance administration processes, as well as changes to the Centre's policies and procedures. New and updated compliance and communication tools made reporting entities aware of the AMP program and of the review and appeal process available to reporting entities that receive an AMP.

***Disseminate strategic information on money laundering and terrorist activity financing to partners, stakeholders, and the general public.***

FINTRAC has a legislated mandate to enhance public awareness and understanding of matters related to money laundering, most specifically with reporting entities covered by the PCMLTFA. To raise awareness of money laundering and terrorist activity financing and help alert Canadians to the threat posed by these activities, during 2008-09 FINTRAC undertook a number of activities including:

- Publishing and disseminating an Annual Report to Parliament;
- Publishing articles in trade journals and newsletters;
- Publishing pamphlets and other printed material for distribution to reporting entities and their clients; and
- Operating a Web site and a call centre to provide information to reporting entities and the public.

A key achievement in 2008-09, was the publication of a first-ever study on money laundering and terrorist financing typologies and trends in Canadian banking. This work was done in collaboration with Canada's five major banks.

FINTRAC also looked at its information holdings in relation to a country with a reputation for harmful bank secrecy practices. FINTRAC communicated to select federal partners that individuals and entities in Canada seemed to take opportunity of the country's harmful bank secrecy practices to engage in financial transactions indicative of money laundering or large-scale tax evasion.

**Lessons Learned**

During 2008 FINTRAC engaged the services of independent experts to provide insight and advice on the Centre's intelligence products, financial resources, and regional operations and compliance. As a result of these reviews, FINTRAC re-organized and streamlined certain operational functions, improved its budgeting process and completed a strategic planning process to focus and prioritize its activities and to better align its efforts with the needs of partners.

FINTRAC's new three-year Strategic Plan (2009-2012) is the result of an extensive consultative process, involving input from all staff and many key domestic partners and international financial intelligence units. Each of these groups provided FINTRAC with valuable insights into its role, strengths, challenges and business opportunities.

Based on these consultations, FINTRAC's senior management arrived at a new Mission statement and Vision and established six Strategic Priorities that form the Centre's change agenda for the road ahead. A copy of FINTRAC's Strategic Plan can be found at: http://www.fintrac-canafe.gc.ca/publications/reports-rapports-eng.asp. FINTRAC will report on the results achieved against these commitments beginning with its 2009-10 Departmental Performance Report.

| Program Activity: Internal Services | | | | | |
|---|---|---|---|---|---|
| 2008-09 Financial Resources ($ millions) | | | 2008-09 Human Resources (FTEs) | | |
| Planned Spending | Total Authorities | Actual Spending | Planned | Actual | Difference |
| 8.3 | 8.5 | 7.6 | 49 | 46 | (3) |

**Performance Analysis –Internal Services**

***Human Resources***

FINTRAC attaches great importance to providing a healthy, stimulating working environment. In 2008-09, the Centre invested in learning and development opportunities for employees, provided leadership training to a number of executives, and strengthened its performance management process to better align individual efforts with organizational priorities.

Champions were appointed to the Official Languages, Employment Equity and Diversity, Values and Ethics, and Awards and Recognition portfolios to reinforce these key programs. Reflecting the Centre's commitment to Canada's two official languages, FINTRAC made a significant effort to assist its executives in meeting the language requirements of their positions. Both employees and managers have been provided with sessions on maintaining a respectful workplace, on change management, and on values and ethics. The 2007-08 Annual Report on the Operation of the Canadian Multiculturalism Act, which was tabled in Parliament on February 5, 2009, highlights FINTRAC's efforts regarding its co-op student program and outreach strategy to communicate the changes related to the 2006 legislative amendments to the PCMLTFA.

FINTRAC encouraged its employees to take part in the 2008 Public Service Employee Survey, and an impressive 89.6% of them – the third highest percentage of all government departments – did so. The Centre also launched a series of workshops designed to help employees balance the challenges of work and personal life.

***Business Continuity Planning***

In 2008-2009, FINTRAC continued its work on the ongoing maintenance of business continuity plans (BCP) as part of the BCP Program. The Centre also continued to work on the Disaster Recovery Plan which will allow the Centre to reinstate its IT systems and key activities in the event of a serious unplanned outage.

***Administrative Services***

FINTRAC worked to excel in the provision of administrative services. In 2008-2009, the Centre continued implementation of its integrated facilities plan to ensure that the

Centre's facilities meet security and employee requirements and contribute to organizational effectiveness.

**Benefits for Canadians**

FINTRAC is an essential component of the community of organizations that combat organized crime and terrorism under Canada's anti-money laundering and anti-terrorist financing (AML/ATF) regime. The Centre's role is to facilitate the detection and deterrence of money laundering and terrorist activity financing in Canada and abroad by analyzing reported transactions and other information, and making case disclosures of financial intelligence to the appropriate law enforcement agency, security and intelligence agency, or foreign financial intelligence unit, when there are reasonable grounds for suspicion of relevance to the investigation or prosecution of money laundering or terrorist activity financing offences.

By ensuring the compliance of financial institutions and other reporting entities with their obligations under the PCMLTFA, the Centre helps to create a formidable deterrent to those who would use legitimate financial channels to launder money or to finance terrorism. In Canada, banks and other financial services businesses maintain internal compliance regimes that ensure that the trail of financial transactions can be followed, and that law enforcement agencies can effectively pursue cases of suspected money laundering and terrorist activity financing, thereby strengthening Canada's capacity to detect and deter money laundering and terrorist financing.

Money laundering and terrorist activity financing are transnational in nature, necessitating the participation of all countries for their successful detection and deterrence. FINTRAC's work with international bodies such as the Financial Action Task Force and the Egmont Group contributes to the development of international AML/ATF policies and standards, and the promotion of operational cooperation among financial intelligence units. The operational links the Centre has forged with other FIUs throughout the world are a vital part of FINTRAC's contribution to the domestic and international fight against terrorism, money laundering and organized crime.

# SECTION III: SUPPLEMENTARY INFORMATION

**Financial Highlights**

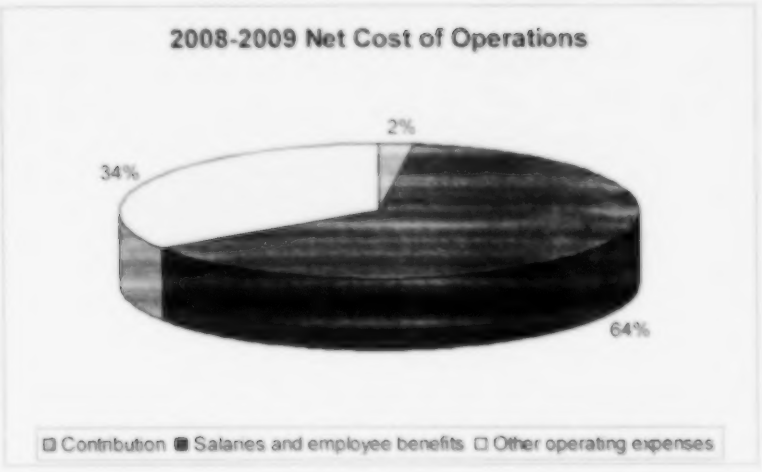
**($ thousands)**

| **Condensed Statement of Financial Position** At End of Year (March 31, 2009) | **% Change** | **2009** | **2008** |
|---|---|---|---|
| **ASSETS** | | | |
| Accounts Receivables and Advances | -22.9% | 172 | 223 |
| Prepaid Expenses | 5.0% | 881 | 839 |
| Tangible capital Assets | -8.8% | 18,038 | 19,774 |
| **Total Assets** | -8.4% | 19,091 | 20,836 |
| **TOTAL** | -8.4% | 19,091 | 20,836 |
| **LIABILITIES** | | | |
| Accounts Payables and accord liabilities | -18.6% | 5,886 | 7,233 |
| Vacation pay and compensatory leave | -7.5% | 1,019 | 1,102 |
| Employee severance benefits | -3.1% | 5,539 | 5,715 |
| **Total Liabilities** | -11.4% | 12,444 | 14,050 |
| **EQUITY** | -2.1% | 6,647 | 6,786 |
| **Total Equity** | -2.1% | 6,647 | 6,786 |
| **TOTAL** | -8.4% | 19,091 | 20,836 |

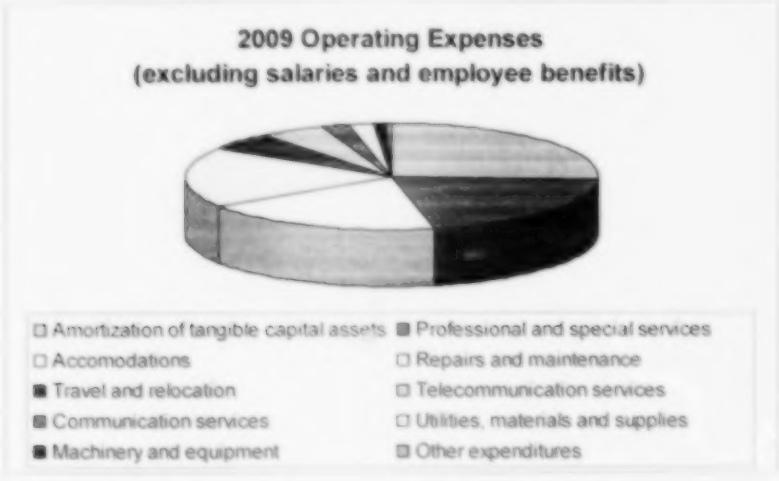
**($ thousands)**

| **Condensed Statement of Financial Position** At End of Year (March 31, 2009) | **% Change** | **2009** | **2008** |
|---|---|---|---|
| CONTRIBUTION | - 7.7% | 1,200 | 1,300 |
| OPERATING EXPENSES | 6.7% | 52,839 | 49,511 |
| **Total Expenses** | 6.4% | 54,039 | 50,811 |
| **NET COST OF OPERATIONS** | 6.4% | 54,039 | 50,811 |

**Financial Highlights Charts**




The net cost of operations for fiscal year 2008-2009 was $54M, an increase of 6.4% over the previous year's net cost of operation of $50.8M. Salaries and employee benefits, in the amount of $34.4M, represent the largest portion with 64% of the total cost. Other operating expenses, in the amount of $18.4M detailed in the chart below, represent 34% of the total cost. Finally, the Contribution for the establishment of the Egmont Group Secretariat totalling $1.2M in 2008-2009, represents 2% of the net cost of operations.




Operating expenses, excluding salaries and employee benefits, totalled $18.4M in fiscal year 2008-2009. The most important expenses were the Amortization of Tangible Capital Assets ($4.8M), Professional and Special Services ($3.8M), Accommodations ($3.5M), Repair and Maintenance ($3.4M) and Travel and Relocation ($1M). Other significant costs were Telecommunications services, Utilities Material and Supplies, and Machinery and equipment.

**Financial Statements**

FINTRAC's financial statements can be found at:
http://www.fintrac-canafe.gc.ca/publications/pub-eng.asp

**List of Supplementary Information Tables**

The following supplementary information tables to the 2008-09 Departmental Performance Report can be found on the Treasury Board of Canada Secretariat's website at: *http://www.tbs-sct.gc.ca/dpr-rmr/2008-2009/index-eng.asp*.

- Horizontal Initiatives
- Response to Parliamentary Committees and External Audits
- Internal Audits and Evaluations